

**California Healthy Families
Rating Sheets for Contract Year July 2005 through June 2006**

Instructions

Prepare a separate projection for each Healthy Families region in which you are submitting a bid. Highlighted cells containing certain key calculations are locked and cannot be modified.

Schedule 1: If applicable, provide historical utilization and costs for your Healthy Families Program (HFP) population by region, and for the state as a whole if your product is in more than one region. Provisions for incurred but not reported (IBNR) claims should be included in the reported figures, as appropriate. For each category of service, please provide the

- 1) Please provide the Healthy Families member months for the data period. This information is used in the calculated fields to derive the "Annual Utilization rate per 1,000 members" [**Column D**] and the "Gross Cost Per Unit of Service" [**Column E**].
- 2) **Column A:** a description of what the unit counts represent (for example, inpatient days, claims, units of service).
- 3) **Column B:** the total costs by service category
- 4) **Column C:** the total unit counts by service category
- 5) **Column D - Calculated Field:** The annual utilization rate per 1,000 members. This is calculated as units of service provided during the data period divided by the member months for the data period multiplied by 12,000.
- 6) **Column E - Calculated Field:** The gross cost per unit of service. This is calculated as total costs of service [**Column B**] divided by the total units of service [**Column C**] provided during the data period.
- 7) **Column F:** the average copay per unit of service. This should be calculated as the total copayments collected divided by the total units of service, within each category.
- 8) **Column G - Calculated Field:** the Net Cost Per Unit. This is calculated as the "Gross Cost per Unit" [**Column E**] minus the "Copay per Unit" entered in **Column F**.
- 9) **Column H - Calculated Field:** Cost PMPM. This is calculated by multiplying the "annual utilization rate per 1,000 members" [**Column D**] and the "net cost per unit" [**Column G**] and dividing the result by 12,000.

**California Healthy Families
Rating Sheets for Contract Year July 2005 through June 2006**

Instructions

Schedule 2: Using experience from the HFP provide projected trends and other adjustments for your HFP population by region. For 2004-2005, plans new to the HFP within the past 2 years should skip to Schedule 3B.

1) Enter your expected annual utilization and unit cost trend rates from the data period through the 2005-2006 contract period. For example, if you project Inpatient Hospital Med/Surg utilization will decrease by 5% per year and unit costs will increase by 10% per year, enter -5 and 10 in the Utilization and Unit Cost columns, respectively. The annual trend rate for per member per month costs is automatically calculated. The trend factors (the amount by which your reported experience will be adjusted for trend are also automatically calculated). If the appropriate number of trend months is different than 24, please enter the correct number and provide an explanation for the difference. The number of trend months should be from the midpoint of the experience period to the midpoint of the contract period (1/1/2005). Also, please provide an explanation of the source of your trend assumptions in the space provided.

2) As appropriate, enter any additional adjustment factors to be applied to project historical costs to the contract period. These factors will be automatically applied to the historical utilization rates to produce the projected utilization in Schedule 3A. Provide a brief description of the reason for the adjustments next to the factor. Further space is provided at the bottom of the schedule if necessary to adequately describe the nature of the adjustments.

Schedule 3A: This schedule develops the expected 2005-2006 health care costs for the HFP population in each region. Schedule 3A is automatically populated using the reported experience and the assumptions in Schedule 2.

Schedule 3B: Complete this schedule only if your plan was new to HFP within the past two years. You may use data other than HFP experience for the rate development process. Identify the data source for the utilization and cost assumptions. As in Schedule 1, enter the utilization, unit cost, and copayment assumptions in **columns (A), (B), (C), (F). Columns (D), (E), (G), (H)** are calculated fields. The unadjusted health care cost will be automatically calculated. Make the adjustments in Schedule 3C.

**California Healthy Families
Rating Sheets for Contract Year July 2005 through June 2006**

Instructions

Schedule 3C: If Schedule 3B was completed, calculate the following adjustments and enter in Schedule 3C. The adjusted health care cost will be automatically calculated.

- A. Identify the adjustment made to reflect the nominal number of newborns likely to be covered by the program. Medi-Cal covers most newborns in families with incomes up to 200% of FPL. Infants above 200% are covered in a separate HFP rate for health plans which MRMIB will calculate based on data in house.
- B. Identify the adjustment made to reflect the nominal level of maternity services that are likely to be required.
- C. Identify the adjustment made to reflect that health plans are not responsible for covering the costs of California Children's Services conditions.
- D. Identify the adjustment made to reflect that community mental health departments provide mental health services to children defined as having a serious emotional disturbance.

Schedule 4: Report administrative costs per member per month for the HFP in the categories shown. Enter your projected health care costs from Schedule 3A or Schedule 3C, as appropriate. Schedule 4 calculates the projected rate as the sum of the administrative costs and the projected health care costs.

Schedules 5 and 6: Complete the loss ratio report. For current HFP plans, the expenses reported on Line 17 (TOTAL MEDICAL AND HOSPITAL) of Schedule 7 should be equivalent to the Total Health Care Expenditures calculated at the bottom of Schedule 1.

For health plans submitting information for multiple regions, the Schedules 6 and 7 submitted should be a consolidation for all regions. Also, this Schedule 6 and 7 should be in the workbook for the first region that your plan is submitting a projection for (ie. If your plan is submitting for Regions 1 through 6, then the consolidated Schedule 6 and 7, will be in the workbook for Region 1).

Schedule 7: Fill out this schedule if your loss ratio is below your contractual level. The schedule asks for an explanation if the loss ratio is below the contractual level and for a description of the methods you intend to use to reach your target loss ratio.

**California Healthy Families
Rating Sheets for Contract Year July 2005 through June 2006**

Instructions

Schedules 8A and 8B: This is a presentation of your rate projection and must equal the Schedule 4 Line 25 & 26.

Schedule 9:

Part A - Report your plan's members by payor at the end of December 31, 2004.

Part B - Report the compensation paid each provider type by basis of payment. (For example: capitation, per diem, salary.)

Schedule 10: Answer the questions regarding your healthplan's incentive payment and pay for performance programs.

Schedule 11: Provide a certification by your health plan's actuary that the experience for 2003-2004 is accurate and that the assumptions used to project costs during the contract period are reasonable.

Submit Schedules 1 through 11 via e-mail to Stuart Busby, Financial Operations Officer (sbusby@mrmib.ca.gov). Mail a signed copy of Schedule 11 (Actuarial Certification) to Stuart Busby c/o MRMIB, 1000 G St. Suite 450, Sacramento, CA 95814. All documents must be received by 5 p.m. January 6, 2005.

Schedule 1

California Healthy Families July 2005 - June 2006 Rate Development Utilization and Cost Experience July 2003 through June 2004 Fill out one for each Region and Statewide (if applicable)

Plan Name _____

(Specify Region or Statewide) _____

HFP Member Months July 2003 - June 2004

Health care services

Inpatient Hospital

(A) Description of Units (e.g., days, claims, units of service)	(B) Total Cost	(C) Total Units	(D) Annual Units per 1000 Members	(E) Gross Cost per Unit	(F) Copay per Unit	(G) Net Cost per Unit	(H) Cost PMPM
Med/Surg				\$ -		\$ -	\$ -
Maternity				\$ -		\$ -	\$ -
Newborn				\$ -		\$ -	\$ -
Mental Health				\$ -		\$ -	\$ -
Chemical Dependency				\$ -		\$ -	\$ -
Abortion - Federally sponsored (1)				\$ -		\$ -	\$ -
Abortion - State sponsored (2)				\$ -		\$ -	\$ -
Rehab Care & SNF				\$ -		\$ -	\$ -
Capitation							\$ -
Provider Incentive Payments							\$ -
Total							\$ -

Outpatient Hospital & Surgical Center

Emergency Room				\$ -		\$ -	\$ -
Clinic				\$ -		\$ -	\$ -
Mental Health				\$ -		\$ -	\$ -
Chemical Dependency				\$ -		\$ -	\$ -
Abortion - Federally sponsored (1)				\$ -		\$ -	\$ -
Abortion - State sponsored (2)				\$ -		\$ -	\$ -
Capitation							
Provider Incentive Payments							
Total							\$ -

Professional

Well baby/child				\$ -		\$ -	\$ -
Immunizations/injections				\$ -		\$ -	\$ -
Physician office visits				\$ -		\$ -	\$ -
Surgery				\$ -		\$ -	\$ -
Mental Health				\$ -		\$ -	\$ -
Chemical Dependency				\$ -		\$ -	\$ -
Abortion - Federally sponsored (1)				\$ -		\$ -	\$ -
Abortion - State sponsored (2)				\$ -		\$ -	\$ -
Capitation							
Provider Incentive Payments							
Total							\$ -

Chiropractic/Acupuncture

				\$ -		\$ -	\$ -
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California Healthy Families
July 2005 - June 2006 Rate Development
Utilization and Cost Experience July 2003 through June 2004
Fill out one for each Region and Statewide (if applicable)

Schedule 1

Plan Name _____

(Specify Region or Statewide) _____

HFP Member Months July 2003 - June 2004

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Description of Units (e.g., days, claims, units of service)	Total Cost	Total Units	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services								
Ancillary Services								
Home Health (Including Hospice)					\$ -		\$ -	\$ -
Diagnostic x-ray/lab					\$ -		\$ -	\$ -
DME & Supplies					\$ -		\$ -	\$ -
Physical & Occupational Therapy					\$ -		\$ -	\$ -
Speech Therapy					\$ -		\$ -	\$ -
Prescription drugs					\$ -		\$ -	\$ -
Other					\$ -		\$ -	\$ -
Capitation								\$ -
Net Reinsurance Costs								\$ -
UM/QA Costs								\$ -
Total								\$ -
Provider Incentive Payments								\$ -
Grand total excluding Provider Incentive Payments								\$ -
Grand total including Provider Incentive Payments								\$ -

Total Health Care Expenditures

- (1) Federally sponsored abortion is necessary due to rape, incest and to save the life of the mother.
(2) State sponsored abortion is all other than Federally sponsored.

California Healthy Families
July 2005 - June 2006 Rate Development
Assumptions used to project costs for July 2005 - June 2006
Fill out one for each Region

Schedule 2

Plan Name _____

Specify Region _____

Months of Trend (should be 24 if data from 2003/2004 contract year used as the base):

24

If different than 24, please explain: _____

Health care services

Inpatient Hospital

	Annualized Trend Rates			Trend Factors			Other Adjustments	
	Utilization	Unit Cost	PMPM	Utilization	Unit Cost	PMPM	Factors	Description
Med/Surg			0.00%	1.000	1.000	1.000	1.000	
Maternity			0.00%	1.000	1.000	1.000	1.000	
Newborn			0.00%	1.000	1.000	1.000	1.000	
Mental Health			0.00%	1.000	1.000	1.000	1.000	
Chemical Dependency			0.00%	1.000	1.000	1.000	1.000	
Abortion - Federally Sponsored (1)			0.00%	1.000	1.000	1.000	1.000	
Abortion - State Sponsored (2)			0.00%	1.000	1.000	1.000	1.000	
Rehab Care & SNF			0.00%	1.000	1.000	1.000	1.000	
Capitation						1.000	1.000	
Provider Incentive Payments						1.000	1.000	
Total								

Outpatient Hospital & Surgical Center

Emergency Room			0.00%	1.000	1.000	1.000	1.000	
Clinic			0.00%	1.000	1.000	1.000	1.000	
Mental Health			0.00%	1.000	1.000	1.000	1.000	
Chemical Dependency			0.00%	1.000	1.000	1.000	1.000	
Abortion - Federally Sponsored (1)			0.00%	1.000	1.000	1.000	1.000	
Abortion - State Sponsored (2)			0.00%	1.000	1.000	1.000	1.000	
Capitation						1.000	1.000	
Provider Incentive Payments						1.000	1.000	
Total								

Professional

Well baby/child			0.00%	1.000	1.000	1.000	1.000	
Immunizations/injections			0.00%	1.000	1.000	1.000	1.000	
Physician office visits			0.00%	1.000	1.000	1.000	1.000	
Surgery			0.00%	1.000	1.000	1.000	1.000	
Mental Health			0.00%	1.000	1.000	1.000	1.000	
Chemical Dependency			0.00%	1.000	1.000	1.000	1.000	
Abortion - Federally Sponsored (1)			0.00%	1.000	1.000	1.000	1.000	
Abortion - State Sponsored (2)			0.00%	1.000	1.000	1.000	1.000	
Capitation						1.000	1.000	
Provider Incentive Payments						1.000	1.000	
Total								

Chiropractic/Acupuncture

		0.00%	1.000	1.000	1.000	1.000	
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California Healthy Families
July 2005 - June 2006 Rate Development
Assumptions used to project costs for July 2005 - June 2006
Fill out one for each Region

Schedule 2

Plan Name _____

Specify Region _____

Months of Trend (should be 24 if data from 2003/2004 contract year used as the base):

24

If different than 24, please explain: _____

Health care services

Ancillary Services

Home Health (Including Hospice)
Diagnostic x-ray/lab
DME & Supplies
Physical & Occupational Therapy
Speech Therapy
Prescription drugs
Other
Capitation
Net Reinsurance Costs
UM/QA Costs
Total

Annualized Trend Rates		
Utilization	Unit Cost	PMPM
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%
		0.00%

Trend Factors		
Utilization	Unit Cost	PMPM
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
		1.000
		1.000
		1.000

Other Adjustments	
Factors	Description
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	

Grand total

(1) Federally sponsored abortion is necessary due to rape, incest and to save the life of the mother.

(2) State sponsored abortion is all other than Federally sponsored.

Source of trend assumptions:

Other Adjustments:

California Healthy Families
July 2005 - June 2006 Rate Development
Projected Health Care Costs for July 2005 - June 2006
Based on Healthy Families Experience Projection
Fill out one for each Region

Schedule 3A

Plan Name _____

Specify Region _____

	(A)	(B)	(C)	(D)	(E)
	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services					
Inpatient Hospital					
Med/Surg		\$ -	\$ -	\$ -	\$ -
Maternity		\$ -	\$ -	\$ -	\$ -
Newborn		\$ -	\$ -	\$ -	\$ -
Mental Health		\$ -	\$ -	\$ -	\$ -
Chemical Dependency		\$ -	\$ -	\$ -	\$ -
Abortion - Federally Sponsored (1)		\$ -	\$ -	\$ -	\$ -
Abortion - State Sponsored (2)		\$ -	\$ -	\$ -	\$ -
Rehab Care & SNF		\$ -	\$ -	\$ -	\$ -
Capitation					\$ -
Provider Incentive Payments					\$ -
Total					\$ -
Outpatient Hospital & Surgical Center					
Emergency Room		\$ -	\$ -	\$ -	\$ -
Clinic		\$ -	\$ -	\$ -	\$ -
Mental Health		\$ -	\$ -	\$ -	\$ -
Chemical Dependency		\$ -	\$ -	\$ -	\$ -
Abortion - Federally Sponsored (1)		\$ -	\$ -	\$ -	\$ -
Abortion - State Sponsored (2)		\$ -	\$ -	\$ -	\$ -
Capitation					\$ -
Provider Incentive Payments					\$ -
Total					\$ -
Professional					
Well baby/child		\$ -	\$ -	\$ -	\$ -
Immunizations/injections		\$ -	\$ -	\$ -	\$ -
Physician office visits		\$ -	\$ -	\$ -	\$ -
Surgery		\$ -	\$ -	\$ -	\$ -
Mental Health		\$ -	\$ -	\$ -	\$ -
Chemical Dependency		\$ -	\$ -	\$ -	\$ -
Abortion - Federally Sponsored (1)		\$ -	\$ -	\$ -	\$ -
Abortion - State Sponsored (2)		\$ -	\$ -	\$ -	\$ -
Capitation					\$ -
Provider Incentive Payments					\$ -
Total					\$ -
Chiropractic/Acupuncture		\$ -	\$ -	\$ -	\$ -

California Healthy Families
July 2005 - June 2006 Rate Development
Projected Health Care Costs for July 2005 - June 2006
Based on Healthy Families Experience Projection
Fill out one for each Region

Schedule 3A

Plan Name _____

Specify Region _____

	(A)	(B)	(C)	(D)	(E)
	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services					
Ancillary Services					
Home Health (Including Hospice)		\$ -	\$ -	\$ -	\$ -
Diagnostic x-ray/lab		\$ -	\$ -	\$ -	\$ -
DME & Supplies		\$ -	\$ -	\$ -	\$ -
Physical & Occupational Therapy		\$ -	\$ -	\$ -	\$ -
Speech Therapy		\$ -	\$ -	\$ -	\$ -
Prescription drugs		\$ -	\$ -	\$ -	\$ -
Other		\$ -	\$ -	\$ -	\$ -
Capitation					\$ -
Net Reinsurance Costs					\$ -
UM/QA Costs					\$ -
Total					\$ -
Grand total including Provider Incentive Payments					\$ -
Provider Incentive Payments					\$ -
Grand total excluding Provider Incentive Payments					\$ -

- (1) Federally sponsored abortion is necessary due to rape, incest and to save the life of the mother.
(2) State sponsored abortion is all other than Federally sponsored.

California Healthy Families
July 2005 - June 2006 Rate Development
Projected costs for July 2005 - June 2006
New Plans (in Healthy Families 2 years or less)
Fill out one for each Region

Schedule 3B

Plan Name _____

Specify Region _____

Data source for developing assumptions [e.g., Commercial, Other (describe)]: _____

Member Months July 2003 - June 2004

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Description of Units (e.g., days, claims, units of service)	Total Costs	Total Units	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services								
Inpatient Hospital								
Med/Surg					\$ -		\$ -	\$ -
Maternity					\$ -		\$ -	\$ -
Newborn					\$ -		\$ -	\$ -
Mental Health					\$ -		\$ -	\$ -
Chemical Dependency					\$ -		\$ -	\$ -
Abortion - Federally Sponsored (1)					\$ -		\$ -	\$ -
Abortion - State Sponsored (2)					\$ -		\$ -	\$ -
Rehab Care & SNF					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Outpatient Hospital & Surgical Center								
Emergency Room					\$ -		\$ -	\$ -
Clinic					\$ -		\$ -	\$ -
Mental Health					\$ -		\$ -	\$ -
Chemical Dependency					\$ -		\$ -	\$ -
Abortion - Federally Sponsored (1)					\$ -		\$ -	\$ -
Abortion - State Sponsored (2)					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Professional								
Well baby/child					\$ -		\$ -	\$ -
Immunizations/injections					\$ -		\$ -	\$ -
Physician office visits					\$ -		\$ -	\$ -
Surgery					\$ -		\$ -	\$ -
Mental Health					\$ -		\$ -	\$ -
Chemical Dependency					\$ -		\$ -	\$ -
Abortion - Federally Sponsored (1)					\$ -		\$ -	\$ -
Abortion - State Sponsored (2)					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Chiropractic/Acupuncture					\$ -		\$ -	\$ -

California Healthy Families
July 2005 - June 2006 Rate Development
Projected costs for July 2005 - June 2006
New Plans (in Healthy Families 2 years or less)
Fill out one for each Region

Schedule 3B

Plan Name _____

Specify Region _____

Data source for developing assumptions [e.g., Commercial, Other (describe)]: _____

Member Months July 2003 - June 2004

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Description of Units (e.g., days, claims, units of service)	Total Costs	Total Units	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services								
Ancillary Services								
Home Health (Including Hospice)					\$ -		\$ -	\$ -
Diagnostic x-ray/lab					\$ -		\$ -	\$ -
DME & Supplies					\$ -		\$ -	\$ -
Physical & Occupational Therapy					\$ -		\$ -	\$ -
Speech Therapy					\$ -		\$ -	\$ -
Prescription drugs					\$ -		\$ -	\$ -
Other					\$ -		\$ -	\$ -
Capitation								
Net Reinsurance Costs								
UM/QA Costs								
Total								\$ -
Grand total								\$ -

- (1) Federally sponsored abortion is necessary due to rape, incest and to save the life of the mother.
 (2) State sponsored abortion is all other than Federally sponsored.

GO ON TO SCHEDULE 3C

California Healthy Families
July 2005 - June 2006 Rate Development
Projected costs for July 2005 - June 2006
New Plans (in Healthy Families 2 years or less)

Schedule 3C

Plan Name _____

(Specify Region or Statewide) _____

Health care services

Adjustments:

Reduction for 0 - 1 year olds *
Reduction for maternity *
Reduction for California Children's Services
Reduction for Community Mental Health Services

Cost PMPM	
\$	-
\$	-
\$	-
\$	-

Total health care costs after adjustments

\$	-
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* Maternity and newborn services will generally be provided by this program only when the mother is a program participant prior to becoming pregnant or infants from 200% to 250% fpl for which there is a separate health rate.

California Healthy Families
July 2005 - June 2006 Rate Development
Projected costs for July 2005 - June 2006
Administrative Costs and Rate Projection

Schedule 4

Plan Name _____

Specify Region _____

Administrative costs

Claims processing, data processing, customer service

General administrative overhead

Marketing: Communication, education, printing

Provider contracting, managed care network maintenance

Risk charges (identify) _____

Profit

Other (identify) _____

Total administrative costs

Total health care costs from Schedule 3A or 3C

Total health care costs plus administrative costs (total per member per month premium)

Rate projection excluding State sponsored Abortions

Rate projection for State Sponsored Abortions

Cost PMPM	Percent of premium
-----------	--------------------

	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%

\$ -	0.00%
\$ -	0.00%
\$ -	0.00%

\$ -	0.00%
\$ -	0.00%

HEALTHY FAMILIES PROGRAM
July 2005 - June 2006 Rate Development
7/03 - 6/04 LOSS RATIO REPORT

Schedule 5

Plan Name _____

Did your plan have a minimum 1,000 HFP enrolled subscribers per month for six of more months in the July 03 - June 04 benefit year?

Yes
No

NOTE: All Plans, regardless of enrollment must complete the loss ratio report.

Total \$ amount of covered benefits for services provided to HFP subscribers from 7/1/03 - 6/30/04*

\$	-
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Total \$ amount of premiums received from the state for HFP subscribers from 7/1/03 - 6/30/04 **

\$	-
----	---

Total \$ amount received as incentive payment from 7/1/03 - 6/30/04

\$	-
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Healthy Families Program 7/1/03 - 6/30/04 Benefit Year Actual Loss Ratio excluding Incentive Payments

(Sch. 6: Item 17/ Item 1)

0.00%

Healthy Families Program 7/1/03 - 6/30/04 Benefit Year Actual Loss Ratio including Incentive Payments

(Sch. 6: Item 4 plus 17/ item 1)

0.00%

Healthy Families Program 7/1/03 - 6/30/04 Benefit Year Minimum Loss Ratio in Contract

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Difference between Actual Loss Ratio without Incentive Payment above and Minimum Loss Ratio in Contract

0.00%

Difference between Actual Loss Ratio with Incentive Payment above and Minimum Loss Ratio in Contract

0.00%

* Total from Item # **17** on the Statement of Revenue and Expenses Report, Schedule 6

** Total from Item # **1** on the Statement of Revenue and Expenses Report, Schedule 6

If your plan's **Actual Loss Ratio** is lower than the **Minimum Loss Ratio in Contract**, complete the Loss Ratio Description Schedule 7

Schedule 6

HEALTHY FAMILIES PROGRAM 2003-2004 LOSS RATIO REPORT STATEMENT OF REVENUE AND EXPENSES

Plan Name _____ Healthy Families Benefit Year
July 1, 2003 - June 30, 2004
SUBSCRIBER MONTHS (Healthy Families Program subscribers only) _____

1. Premium Payments from State	\$ -
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AFFILIATED ENTRIES AND NONAFFILIATED ENTRIES:

2. Incentive Payments to affiliated parties	\$ -
3. Incentive Payments by to nonaffiliated parties.	\$ -
4. Total Incentive Payments	\$ -

EXPENSES: (Healthy Families Program only)

Medical and Hospital:

5. Inpatient Services - Capitated	\$ -
6. Inpatient Services - Per Diem	\$ -
7. Inpatient Services - Fee-for-service/Case Rate	\$ -
8. Primary Professional Services - Capitated	\$ -
9. Primary Professional Services - Non-Capitated	\$ -
10. Other Medical Professional Services - Capitated	\$ -
11. Other Medical Professional Services - Non-Capitated	\$ -
11. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	
13. POS Out-of-Network Expense	\$ -
14. Pharmacy Expense	\$ -
15. Other Medical Expense	\$ -
16. Aggregate Write-ins for Other Medical and Hospital Expense	\$ -
17. TOTAL MEDICAL AND HOSPITAL (Line 5 to Line 16)	\$ -

Administration:

18. Compensation	\$ -
19. Interest Expense	\$ -
20. Occupancy, Depreciation and Amortization	\$ -
21. Management Fees	\$ -
22. Marketing	\$ -
23. Affiliate Administration Services	\$ -
24. Aggregate Write-ins for Other Administration Expenses	\$ -
25. TOTAL ADMINISTRATION (Line 18 to Line 24)	\$ -
26. TOTAL EXPENSES (Lines 4, 17, and 25)	\$ -
27. INCOME/(LOSS) (Line 1 less Line 26)	\$ -
28. Extraordinary Item	\$ -
29. Provision for Taxes	\$ -
30. NET INCOME/(LOSS) (Line 27 plus Lines 28 & 29)	\$ -

Line 17 TOTAL MEDICAL AND HOSPITAL EXPENSE	\$ -
Schedule 1 Total Health Care Expenditures	\$ -
Difference	\$ -

Explain any differences _____

HEALTHY FAMILIES PROGRAM 2003-2004 LOSS RATIO REPORT

Plan Name _____

If your plan's Actual Loss Ratio is lower than your Minimum Loss Ratio in Contract, provide a detailed response explaining 1) why the actual loss ratio was significantly below the contractual standard and 2) plans you have to assure the Board that future loss ratios will be consistent with the contractual standard agreed to in your contract. Please respond to the following specific questions. Your response can be provided in a separate file if you prefer.

1. Why is your company's actual loss ratio substantially lower than the projected value for the 2003-2004 benefit year?

2. How do your HFP provider payments to each segment of the provider community (primary care physicians, clinics, medical groups, specialty physicians, and hospitals) compare to your contractual payments in:

- The MediCal Program?
- Commercial products?
- The payment schedules set forth in the Medicare program?

3. How does your company's HFP utilization experience in each of the major service categories (physician services, pharmaceuticals, inpatient care) compare to your company's children's utilization experience in:

- The MediCal Program?
- Commercial products?

4. Does your plan offer providers any type of "end of year" payment incentive program? If so, please describe. Include in your description any differences in the allocation of incentive payments to affiliated and non-affiliated groups or other distinctions in how incentive payments are made by group.

5. What does your plan do to encourage families to seek out and utilize preventive services such as immunizations and well child visits? Do you have plans to improve provider's behavior with regard to providing and reporting appropriate preventive care visits? If so, please describe.

6. Are there other factors that explain your plan's low loss ratio? If yes, please describe.

7. What are the methods you will use to reach your target loss ratio?
When would you expect that to occur?

Schedule 8A

PREMIUM RATES - INCLUDING FEDERALLY SPONSORED ABORTIONS*

Note: Projection should match the figure shown in Schedule 4.

	Geographic Area 1	Geographic Area 2	Geographic Area 3	Geographic Area 4	Geographic Area 5	Geographic Area 6
Per Subscriber age 1 to 18 years of age						

* Federally sponsored abortion is necessary due to rape, incest and to save the life of the mother.

PREMIUM RATES - STATE SPONSORED ABORTIONS*

Note: Projection should match the figure shown in Schedule 4.

	Geographic Area 1	Geographic Area 2	Geographic Area 3	Geographic Area 4	Geographic Area 5	Geographic Area 6
Per Subscriber age 1 to 18 years of age						

* State sponsored abortion is all other than Federally sponsored.

HEALTHY FAMILIES PROGRAM
July 2005 - June 2006 Rate Development

Schedule 9

Program and Provider Type Detail for Dec 31, 2003 to Dec 31, 2004

Plan Name: _____

Part A

	31-Dec-03		31-Dec-04	
	Total Employees	Total Members	Total Employees	Total Members
Individual Market				
Small Group Market (2-50)				
Large Group Market (51+)				
Medi-Cal				
Medicare				
Other (Please Specify)				
All California Business				

Part B

The physician and hospital compensation during 2003-2004 for the Healthy Families Program				
	PCP Providers	Specialist Providers	Hospitals	
Capitation	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	Capitation
Fee Schedule	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	Fee Schedule
Salary	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	Per Diem
Combination	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	Combination
Total per provider type	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	

HEALTHY FAMILIES PROGRAM
July 2005 - June 2006 Rate Development
Provider Incentive and Pay for Performance Programs

Schedule 10

Plan Name: _____

Please provide your answers to the following questions on a separate sheet.

General

1. Does your healthplan use incentive payments or pay for performance components in contracts with providers for any of your lines of business, including Healthy Families?
2. If the answer to Question 1 is no, do you have plans to add these components in the future? If yes, please describe the expected structure of the program and anticipated implementation date.

If your answers to Questions 1 and 2 are "No", you are finished with this Schedule

3. How long has your healthplan used incentive payments or pay for performance programs in its contracts with providers? If different systems have been in place for different periods of time, please indicate the length of time for each system.
4. Please describe the incentive or pay for performance programs you have in place, including the criteria used to determine payment amounts. If you use more than one system, please describe each and indicate which is the predominant system. Also, please indicate the system in place for your Healthy Families business. If the measurement criteria is different for your Healthy Families business versus your non-Healthy Families business, please describe how it differs.
5. Please describe the types and percentages of providers eligible for these payments and the actual percentage of each provider type receiving such payments.
6. Depending on how your program is structured, please describe the percentage of total compensation or percentage increase in base compensation can be earned as a result of incentive payments or payments for performance.

Healthy Families Expenditure Data for July 2003 - June 2004

7. Did your plan include amounts related to provider incentive payments or pay for performance in the cost information shown in Schedule 1?

If the answer to this question is "No", proceed to next section.

8. Do the amounts summarized in Row 65 of Schedule 1 include all costs related to incentive payments or pay for performance? If no, please provide the additional amounts and describe how they differ from the amounts reported in Row 65.
9. Please describe the criteria upon which the determination of all incentive payments and payments for performance were made. Please be specific.

Healthy Families Proposed Rates for July 2005 - June 2006

10. Do the rates you proposed for the July 2005 - June 2006 benefit period include incentive or pay for performance components?

If your answers to this question is "No", you are finished with this Schedule

11. Please provide the percentage of your proposed July 2005 - June 2006 Healthy Families premium associated with expected incentive payments or payment for performance.
12. Please describe how you estimated the incentive payment or pay for performance amounts included in these premium rates.
13. Describe the criteria upon which the determination of incentive payments or payment for performance is expected to be determined during the July 2005 - June 2006 rate period. Please be specific.

California Healthy Families
July 2005 - June 2006 Rate Development
Projected costs for July 2005 - June 2006 and Loss Ratio Report
Certification

Schedule 11

Plan Name _____

I certify that the claims experience and cost projections are accurate and appropriate for the California Healthy Families Program.

By: _____
Print name Date

Signature & Title Phone number

**California Healthy Families
Infant Rate Development - First 60 Days of Life
July 2005 - June 2006 Rate Development**

**ENCL. 8 - PART B
Instructions**

Prepare a separate projection for each Healthy Families region in which you are submitting a bid. Highlighted cells containing certain key calculations are locked and cannot be modified.

Instructions

Schedules 1: Provide historical utilization and costs for an infant's **first 60 days of life**. Use data that you believe is credible and reasonably consistent with expected experience under HFP. Schedule 2 provides a means for adjustment to expected HFP utilization and cost levels. Provisions for incurred but not reported (IBNR) claims should be included in the reported figures. Please specify which line of business the experience basis reflects [AIM, Commercial business, or Medi-Cal] as applicable to your plan. In addition, for each category

- 1) Please provide member months associated with the infants' first 60 days of life for the data period. The remainder of the values are automatically calculated. This information is used in the calculated fields to derive the "Annual Utilization rate per 1,000 members" [**Column D**] and the "Gross Cost Per Unit of Service" [**Column E**].
- 2) **Column A:** a description of what the unit counts represent (for example, inpatient days, claims, units of service).
- 3) **Column B:** the total costs by service category
- 4) **Column C:** the total unit counts by service category
- 5) **Column D - Calculated Field:** The annual utilization rate per 1,000 members. This is calculated as units of service provided during the data period divided by the member months for the data period multiplied by 12,000.
- 6) **Column E - Calculated Field:** The gross cost per unit of service. This is calculated as total costs of service [**Column B**] divided by the total units of service [**Column C**] provided during the data period.
- 7) **Column F:** the average copay per unit of service. This should be calculated as the total copayments collected divided by the total units of service, within each category.
- 8) **Column G - Calculated Field:** the Net Cost Per Unit. This is calculated as the "Gross Cost per Unit" [**Column E**] minus the "Copoly per Unit" entered in **Column F**.
- 9) **Column H - Calculated Field:** Cost PMPM. This is calculated by multiplying the "annual utilization rate per 1,000 members" [**Column D**] and the "net cost per unit"

**California Healthy Families
Infant Rate Development - First 60 Days of Life
July 2005 - June 2006 Rate Development**

**ENCL. 8 - PART B
Instructions**

Prepare a separate projection for each Healthy Families region in which you are submitting a bid. Highlighted cells containing certain key calculations are locked and cannot be modified.

Instructions

Schedule 2: Provide projected trends and other adjustments to reflect your expected **first 60 days of life** experience under the HFP program.

1) Enter your expected annual utilization and unit cost trend rates from the data period through the 2005-2006 contract period. For example, if you project Inpatient Hospital Med/Surg utilization will decrease by 5% per year and unit costs will increase by 10% per year, enter -5 and 10 in the Utilization and Unit Cost columns, respectively. The annual trend rate for per member per month costs is automatically calculated. The trend factors (the amount by which your reported experience will be adjusted for trend are also automatically calculated). If the appropriate number of trend months is different than 24, please enter the correct number and provide an explanation for the difference. The number of trend months should be from the midpoint of the experience period to the midpoint of the contract period (1/1/2006). Also, please provide an explanation of the source of your trend assumptions in the

2) As appropriate, enter any additional adjustment factors to be applied to reflect expected costs for HFP infant in their **first 60 days of life** during in the contract period. These factors will be automatically applied to the historical utilization rates to produce the projected utilization in Schedule 3A. Provide a brief description of the reason for the adjustments next to the factor. Further space is provided at the bottom of the schedule if necessary to adequately describe the nature of the adjustments.

Schedule 3A: This schedule develops the expected 2005-2006 health care costs for HFP infants in their **first 60 days of life** in each region. Schedule 3A is automatically populated using the reported experience and the assumptions in Schedule 2.

Schedule 3B: Provide the expected per member per month value of California Children's Services coverage for HFP infants in their **first 60 days of life**.

Schedule 4: Provide administrative costs per member per month related to HFP infants in their **first 60 days of life** for the categories shown. Your projected health care costs from Schedule 3B will automatically be carried forward. Schedule 4 calculates the projected rate as the sum of the administrative costs and the projected health care costs. This rate represents your proposed payment rate for HFP infants in their **first 60 days of life**.

ENCL. 8 - PART B
Instructions

California Healthy Families
Infant Rate Development - First 60 Days of Life
July 2005 - June 2006 Rate Development

Prepare a separate projection for each Healthy Families region in which you are submitting a bid. Highlighted cells containing certain key calculations are locked and cannot be modified.

Instructions

Schedule 5: Provide a distribution of payments the **first 60 days of life** for the line of business specified in Schedule 1. The total payments in these schedules should match the total expenditures from Schedule 1, with the exception of non-claim items (e.g., capitation, provider incentives, etc.).

Schedule 6: Provide a certification by your plan's actuary that the experience for 2003-2004 is accurate and that the assumptions used to project costs during the contract period are reasonable.

Submit Schedules 1 through 6 via e-mail to Stuart Busby, Financial Operations Officer (sbusby@mrmib.ca.gov). Mail a signed hard copy of Schedule 6 (Actuarial Certification) to Stuart Busby c/o MRMIB, 1000 G St. Suite 450, Sacramento, CA 95814. All documentation must be received by 5 p.m. January 6, 2005.

California Healthy Families
July 2005 - June 2006 Infant Rate Development - First 60 Days of Life
Utilization and Cost Experience July 2003 through June 2004
Fill out one for each Region and Statewide (if applicable)

Schedule 1

Plan Name _____

Description of Experience Data _____

(Specify Region or Statewide) _____

Member Months for July 2003 - June 2004

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Description of Units (e.g., days, claims, units of service)	Total Cost	Total Units	Annual Units per 1000 Members	Gross Cost per Unit	Copay per Unit	Net Cost per Unit	Cost PMPM
Health care services								
Inpatient Hospital								
Med/Surg					\$ -		\$ -	\$ -
Newborn					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Outpatient Hospital & Surgical Center								
Emergency Room					\$ -		\$ -	\$ -
Clinic					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Professional								
Well baby/child					\$ -		\$ -	\$ -
Immunizations/injections					\$ -		\$ -	\$ -
Physician office visits					\$ -		\$ -	\$ -
Surgery					\$ -		\$ -	\$ -
Capitation								
Provider Incentive Payments								
Total								\$ -
Ancillary Services								
Diagnostic x-ray/lab					\$ -		\$ -	\$ -
DME & Supplies					\$ -		\$ -	\$ -
Prescription drugs					\$ -		\$ -	\$ -
Other					\$ -		\$ -	\$ -
Capitation								
Net Reinsurance Costs								
UM/QA Costs								
Total								\$ -
Grand total including Provider Incentive Payments								\$ -
Provider Incentive Payments								\$ -
Grand total excluding Provider Incentive Payments								\$ -
Total Health Care Expenditures								\$ -

California Healthy Families

Schedule 2

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Assumptions used to project costs to July 2005 - June 2006

Fill out one for each Region

Plan Name _____

Specify Region _____

Months of Trend (should be 24 if data from 2003/2004 contract year used as the base):

24

If different than 24, please explain: _____

Health care services

Inpatient Hospital

Med/Surg

Newborn

Capitation

Provider Incentive Payments

Total

Annualized Trend Rates		
Utilization	Unit Cost	PMPM

		0.00%
		0.00%

Trend Factors		
Utilization	Unit Cost	PMPM

1.000	1.000	1.000
1.000	1.000	1.000
		1.000
		1.000

Other Adjustments	
Factors	Description

1.000	
1.000	
1.000	
1.000	

Outpatient Hospital & Surgical Center

Emergency Room

Clinic

Capitation

Provider Incentive Payments

Total

		0.00%
		0.00%

1.000	1.000	1.000
1.000	1.000	1.000
		1.000
		1.000

1.000	
1.000	
1.000	
1.000	

Professional

Well baby/child

Immunizations/injections

Physician office visits

Surgery

Capitation

Provider Incentive Payments

Total

		0.00%
		0.00%
		0.00%
		0.00%

1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
		1.000
		1.000

1.000	
1.000	
1.000	
1.000	
1.000	
1.000	

Ancillary Services

Diagnostic x-ray/lab

DME & Supplies

Prescription drugs

Other

Capitation

Net Reinsurance Costs

UM/QA Costs

Total

		0.00%
		0.00%
		0.00%
		0.00%

1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
1.000	1.000	1.000
		1.000
		1.000
		1.000

1.000	
1.000	
1.000	
1.000	
1.000	
1.000	
1.000	

Grand total

Source of trend assumptions:

Other Adjustments:

California Healthy Families

Schedule 3A

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Projected Health Care Costs for July 2005 - June 2006

Fill out one for each Region

Plan Name _____

Specify Region _____

Health care services

Inpatient Hospital

Med/Surg

Newborn

Capitation

Provider Incentive Payments

Total

(A) Annual Units per 1000 Members	(B) Gross Cost per Unit	(C) Copay per Unit	(D) Net Cost per Unit	(E) Cost PMPM
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
				\$ -
				\$ -
				\$ -

Outpatient Hospital & Surgical Center

Emergency Room

Clinic

Capitation

Provider Incentive Payments

Total

	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
				\$ -
				\$ -
				\$ -

Professional

Well baby/child

Immunizations/injections

Physician office visits

Surgery

Capitation

Provider Incentive Payments

Total

	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
				\$ -
				\$ -
				\$ -

California Healthy Families

Schedule 3A

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Projected Health Care Costs for July 2005 - June 2006

Fill out one for each Region

Plan Name _____

Specify Region _____

Health care services

Ancillary Services

Diagnostic x-ray/lab

DME & Supplies

Physical & Occupational Therapy

Other

Capitation

Net Reinsurance Costs

UM/QA Costs

Total

(A) Annual Units per 1000 Members	(B) Gross Cost per Unit	(C) Copay per Unit	(D) Net Cost per Unit	(E) Cost PMPM
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
				\$ -
				\$ -
				\$ -
				\$ -

Grand total including Provider Incentive Payments

\$ -

Provider Incentive Payments

\$ -

Grand total excluding Provider Incentive Payments

\$ -

California Healthy Families
July 2005 - June 2006 Infant Rate Development - First 60 Days of Life
California Children's Services Adjustment

Schedule 3B

 Plan Name

 (Specify Region or Statewide)

Health care services

Program Adjustments:

Reduction for California Children's Services

Total health care costs after adjustments

Cost PMPM
\$ -

California Healthy Families

Schedule 4

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Administrative Costs and Rate Projection

Plan Name _____

Specify Region _____

Administrative costs

Claims processing, data processing, customer service

General administrative overhead

Marketing: Communication, education, printing

Provider contracting, managed care network maintenance

Risk charges (identify) _____

Profit

Other (identify) _____

Total administrative costs

Total health care costs from Schedule 3B

Total health care costs plus administrative costs (total per member per month premium)

Cost PMPM	Percent of premium
	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%
\$ -	0.00%

California Healthy Families

Schedule 5

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Program Cost Experience for July 2003 through June 2004

Claim Payment Distribution

Plan Name	Line of Business	(Specify Region or Statewide)		
Payment Range	Total Payments	Number of Claimants	Average Cost per Claimant	Distribution of Claimants
\$0 - \$5,000			#DIV/0!	#DIV/0!
\$5,001 - \$10,000			#DIV/0!	#DIV/0!
\$10,001 - \$20,000			#DIV/0!	#DIV/0!
\$20,001 - \$30,000			#DIV/0!	#DIV/0!
\$30,001 - \$40,000			#DIV/0!	#DIV/0!
\$40,001 - \$50,000			#DIV/0!	#DIV/0!
\$50,001 - \$75,000			#DIV/0!	#DIV/0!
\$75,001 - \$100,000			#DIV/0!	#DIV/0!
\$100,001 - \$150,000			#DIV/0!	#DIV/0!
\$150,001 - \$200,000			#DIV/0!	#DIV/0!
\$200,001 - \$300,000			#DIV/0!	#DIV/0!
\$300,001 - \$500,000			#DIV/0!	#DIV/0!
\$500,001 +			#DIV/0!	#DIV/0!
Total	\$ -	-	#DIV/0!	#DIV/0!

California Healthy Families

Schedule 6

July 2005 - June 2006 Infant Rate Development - First 60 Days of Life

Projected costs for July 2005 - June 2006

Certification of Claims Experience and Cost Projections

Plan Name

I certify that the claims experience and cost projections are accurate and appropriate for the California Healthy Families Program.

By:

Print name

Date

Signature & Title

Phone number